

SEP 17 1962

Dear Applicant:

Your application for exemption from Federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code has been considered.

The information submitted by you discloses that your organization was incorporated on [REDACTED] under the statutes of the State of [REDACTED]. Your purposes, as stated in your Articles of Incorporation, are "...charitable purposes, including for such purposes the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954; and in furtherance thereof, the corporation shall conduct athletic contests, operate a baseball team and such other similar projects...".

Your primary activity consists of the promotion and operation, including partial financing, of the [REDACTED], a professional minor league baseball team. You have concluded a rental agreement with the City of [REDACTED] for a baseball field, parking space, grandstand facilities, concession stands, etc. Your organization will operate the facility for the use of the [REDACTED] from April 1 to September 15 each year. You also pay certain expenses of the baseball team, as set forth in a working agreement you have with the [REDACTED], who also pay certain expenses of the team. You have paid a franchise fee to the [REDACTED] League to enter the [REDACTED] in that professional minor league baseball league.

Your application also states that you will sponsor youth baseball clinics and provide playing facilities for local school baseball and football games. It is also your intention to assist charitable organizations and provide facilities at the baseball park for children's circuses, concerts and various other civic programs.

Section 501(c)(6) of the Internal Revenue Code provides for exemption from Federal income tax for business leagues, chambers of commerce, real estate boards, boards of trade, or professional football leagues not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such interest and not to engage in a regular business

[REDACTED]

of a type carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade, and its activities should be directed to the improvement of business conditions in one or more lines of business, as distinguished from the performance of particular services for individual persons.

Your application and all additional information submitted indicates that your primary activity is the operation of a professional baseball team. Inasmuch as you are not operating as a "business league" or "chamber of commerce" within the meaning of Section 501(c)(6), as indicated above, it is our determination that you do not qualify for exemption under Section 501(c)(6) of the Internal Revenue Code.

In addition, you do not meet the criteria for exemption under any section of the Internal Revenue Code. In Revenue Ruling 55-515, a nonprofit corporation which operated a semi-professional baseball club as its principal activity was denied exemption under Section 501(c)(4) of the Code.

You are required to file a Federal income tax return on Form 1120 each year.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

If we do not hear from you within the time specified, this communication will become our determination in the matter.

Very truly yours,

[REDACTED]
District Director

Enclosure:
Publication 882